

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 L-03 /030 W

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R 192155Z JAN 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 2552

INFO AMCONSUL BELIZE

AMEMBASSY BOGOTA

AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY KINGSTON

AMEMBASSY MANAGUA

AMEMBASSY PORT AU PRINCE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: EWWT, ETRD, ETRN, CS

SUBJECT: NAMUCAR OPERATIONS

REF: STATE 2666

1. SUMMARY. THIS MESSAGE PROVIDES FURTHER INFORMATION ABOUT NAMUCAR OPERATIONS IN RESPONSE TO AN INQUIRY FROM THE DEPARTMENT. IT DISCUSSES: NAMUCAR ROUTES, THE ANTICIPATED BEGINNING OF NAMUCAR SERVICE IN MARCH, AND ARRANGEMENTS AMONG THE MEMBER COUNTRIES WITH RESPECT TO SUCH MATTERS AS CARGO PREFERENCES AND OTHER BENEFITS AND AVOIDANCE OF COMPETITION WITH THE SHIPPING LINES OF MEMBER COUNTRIES. END SUMMARY.

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2. EMBOFFS CALLED ON NAMUCAR SECRETARY GENERAL ALVARO FERNANDEZ ESCALANTE JANUARY 16 FOR A GENERAL DISCUSSION OF NAMUCAR OPERATIONS AND IN ORDER TO DEVELOP ANSWERS TO QUESTIONS POSED BY DEPARTMENT IN REFTEL.

3. WITH RESPECT TO CARGO RESERVATIONS, FERNANDEZ CONFIRMED THAT 80 PERCENT RESERVATION WILL ONLY APPLY TO 40 PERCENT OF COSTA RICAN CARGO ON ROUTES SERVED BY NAMUCAR OR BY PRIVATE COSTA RICAN LINES ENTITLED TO EQUALITY OF TREATMENT WITH NAMUCAR (ONLY ONE SUCH LINES EXISTS AT PRESENT - NANACO LINE). FERNANDEZ AGAIN CONFIRMED THAT COSTA RICA WOULD FOLLOW, WITH RESPECT TO NAMUCAR, THE UNCTAD CARGO RESERVATION PRINCIPLE OF 40-40-20. FERNANDEZ SAID THAT COSTA RICAN NAMUCAR LAW ONLY ESTABLISHES CARGO RESERVATION IN PRINCIPLE AND THAT CARGO RESERVATION CANNOT BE IMPLEMENTED UNTIL IMPLEMENTING LEGISLATION IS PROMULGATED. HE THOUGHT THAT THIS MIGHT TAKE UP TO TWO YEARS.

4. WITH RESPECT TO CARGO RESERVATION IN OTHER COUNTRIES, FERNANDEZ DID NOT EXPECT THAT OTHER COUNTRIES WOULD MODEL THEIR TREATMENT OF NAMUCAR ON TREATMENT ACCORDED BY COSTA RICA. IN FACT, THE OPPOSITE IS THE CASE. IN DEVELOPING THE SPECIFICS OF CARGO RESERVATION, COSTA RICA IS STUDYING CARGO RESERVATION LEGISLATION WHICH IS ALREADY IN EFFECT IN COLOMBIA AND VENEZUELA AND MAY MODEL ITS LEGISLATION AFTER THOSE COUNTRIES. MOST NAMUCAR COUNTRIES WILL GIVE NAMUCAR SOME KIND OF PREFERENTIAL TREATMENT BUT PROBABLY NOT ALL WILL USE CARGO RESERVATION TECHNIQUE, FERNANDEZ SAID. MEXICO AND VENEZUELA WILL PROVIDE DIESEL FUEL AT PREFERENTIAL PRICES AVAILABLE TO NATIONAL SHIPPING LINES OF THOSE COUNTRIES WHICH IN CASE OF MEXICO WILL AMOUNT TO ABOUT 50 PERCENT OF PREVAILING COMMERCIAL PRICES AND IN THE CASE OF VENEZUELA SOMEWHAT LESS THAN 50 PERCENT OF THE COMMERCIAL PRICE.

5. NAMUCAR HOPES TO INITIATE SERVICE IN MARCH WITH LIMITED OFFICIAL USE

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SOME FOUR TO SIX DRY-CARGO VESSELS WHICH IT IS NOW ATTEMPTING TO CHARTER TOGETHER WITH CREWS. FOUR SHIPS WILL BE USED ON ROUTE 1A WHICH WILL INITIALLY SERVE TAMPICO, PUERTO CABEZA, BLUEFIELDS, PUERTO LIMON, LAS MINAS, PROBABLY CARTAGENA, PUERTO CABELLO, SANTO DOMINGO, KINGSTON, AND HAVANA, RETURNING TO TAMPICO. TWO OF THE SHIPS WILL SERVE THE ROUTE IN A CLOCKWISE DIRECTION AND TWO IN A COUNTER CLOCKWISE DIRECTION,

PROVIDING SERVICE OF ROUGHLY 21 DAYS. THE FIFTH AND SIXTH SHIPS WILL SERVE ROUTE 6 IN THE EASTERN CARIBBEAN, OPERATING OUT OF KINGSTON TO THE WINDWARD AND LEEWARD ISLANDS, TRINIDAD, AND BACK LA KINGSTON, PERHAPS VIA CARTAGENA.

6. AS CAN BE SEEN FROM THE ROUTES DESCRIBED, NAMUCAR WILL CALL AT SOME NON-MEMBER PORTS. FERNANDEZ SAID THAT NAMUCAR HAS NO PLANS TO SERVE ANY U.S. PORTS IN THE NEAR FUTURE, BUT MIGHT CONSIDER OPERATING SERVICE TO PUERTO RICO. FERNANDEZ EMPHASIZED THAT NAMUCAR'S INTENT IS TO OPERATE IN ITS OWN AREA AVOIDING COMPETITION WITH BIG FOREIGN LINES SERVING MAJOR SHIPPING ROUTES. FOR THIS REASON, NAMUCAR IS REJECTING AN OFFER FROM A MIAMI-BASED COMPANY, COORDINATED CARIBBEAN TRANSPORT, WHICH PROVIDES A CONTAINER AND ROLL ON ROLL OFF SERVICE BETWEEN MIAMI AND CERTAIN CENTRAL AMERICAN PORTS INCLUDING PUERTO LIMON.

7. EMBOFFS DISCUSSED WITH FERNANDEZ FEDERAL MARITIME COMMISSION REGULATIONS UNDER WHICH U.S. SHIPPING INTERESTS COULD REQUEST RETALIATORY ACTION IF COSTA RICA CREATED CONDITIONS UNFAVORABLE TO U.S. SHIPPING. EMBASSY PROVIDING COPY OF THESE REGULATIONS TO FERNANDEZ WHO PROMISED TO MAKE THEM KNOWN TO NAMUCAR'S MANAGEMENT. WITH RESPECT TO NAMUCAR MEMBERSHIP, FERNANDEZ EXPECTS THAT WITHIN TWO YEARS NAMUCAR WILL HAVE SOME TWELVE MEMBER COUNTRIES. HE EXPECTS

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GUATEMALA TO PAY ITS SUBSCRIPTION IN THE VERY NEAR
FUTURE AND HE HAS AN INVITATION, ALBEIT FROM A
MINISTER WHO IS NO LONGER IN OFFICE, TO GO TO HONDURAS
TO DISCUSS THE POSSIBILITY OF THAT COUNTRY JOINING
NAMUCAR. PANAMA AND COLOMBIA ARE EXPECTED TO JOIN

WITHIN THE INITIAL SIX-MONTH PERIOD AND NETHERLAND
ANTILLES REPRESENTATIVES, WHO ARE NOW IN COSTA RICA
ASKING SUPPORT FOR THEIR INDEPENDENCE, HAVE INDICATED
AN INTEREST IN JOINING NAMUCAR.

8. WITH RESPECT TO COMPETITION WITH OTHER SHIPPING
LINES, FERNANDEZ SAID THAT THERE IS A "GENTLEMEN'S
AGREEMENT" AMONG THE NAMUCAR COUNTRIES THAT NAMUCAR
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WILL NOT COMPETE WITH THE NATIONAL SHIPPING LINES OF
MEMBER STATES WHICH WERE ALREADY ESTABLISHED AND IN
OPERATION AT THE TIME NAMUCAR WAS CREATED.

9. COMMENT. A PROVISION TO A PRIVATE COSTA RICAN
SHIPPING LINE (NANACO) OF CARGO PREFERENCES COULD MAKE
THE NAMUCAR LAW MORE POTENTIALLY DISRUPTIVE TO U.S.
SHIPPING OPERATIONS THAN WOULD BE THE CASE IF PREF-
ERENCES WERE ONLY PROVIDED TO NAMUCAR ITSELF. NANACO,
FOR EXAMPLE, NOW HAS AT LEAST SOME SHIPPING SERVICE
BETWEEN MIAMI AND PUERTO LIMON, THE EMBASSY UNDERSTANDS.
NANACO HOPES TO DEVELOP SERVICE TO OTHER POINTS WHICH
ARE AS YET UNKNOWN TO THE EMBASSY.

10. ON THE OTHER HAND, AS THE EMBASSY POINTED OUT
IN SAN JOSE 233, U.S.S. LINES MIGHT BE ENTITLED TO
NATIONAL TREATMENT UNDER THE PROVISIONS OF
U.S.-COSTA RICA FCN TREATY.
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